CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2002

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2002 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 26, 2002

Fred Wendel, CMA, CA
Provincial Auditor

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Total	
	2002	2001	2002	2001	2002	2001
Financial Assets						
Due from General Revenue Fund (Note 8)	$ 3,552,127	$ 2,834,194	$ 385,241	$ 364,462	$ 3,937,368	$ 3,198,656
Accounts receivable	167,287	200,451	172,435	206,798	339,722	407,249
Accrued interest receivable	19,727	44,902	---	---	19,727	44,902
	$ 3,739,141	$ 3,079,547	$ 557,676	$ 571,260	$ 4,296,817	$ 3,650,807
Liabilities						
Grants payable	$ 58,952	$ 39,777	$ 385,241	$ 372,027	$ 444,193	$ 411,804
Accounts payable	47,622	51,492	---	---	47,622	51,492
	106,574	91,269	385,241	372,027	491,815	463,296
Net financial assets (Statement 2)	$ 3,632,567	$ 2,988,278	$ 172,435	$ 199,233	$ 3,805,002	$ 3,187,511

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget	Provincial Account		National Account		Total	
	2002 (Note 5)	2002	2001	2002	2001	2002	2001
Revenues							
Deductions (Note 1)	$ 1,450,000	$ 1,521,971	$ 1,437,952	$ 1,521,960	$ 1,437,952	$ 3,043,931	$ 2,875,904
Less: Commissions	50,000	44,684	42,332	---	---	44,684	42,332
Refund of deductions	115,000	111,609	97,613	---	---	111,609	97,613
Net deductions	1,285,000	1,365,678	1,298,007	1,521,960	1,437,952	2,887,638	2,735,959
Interest (Note 8)	80,000	114,621	186,121	---	---	114,621	186,121
Miscellaneous revenue	---	---	---	---	---	---	---
Total revenue	1,365,000	1,480,299	1,484,128	1,521,960	1,437,952	3,002,259	2,922,080
Expenditures							
Grants	800,000	818,150	574,708	1,548,758	2,649,541	2,366,908	3,224,249
Administration (Note 3)	16,000	15,000	15,000	---	---	15,000	15,000
Advisory Committee and other expenses	2,500	2,860	3,145	---	501	2,860	3,646
Total expenditure	818,500	836,010	592,853	1,548,758	2,650,042	2,384,768	3,242,895
Surplus (deficit) for the year	$ 546,500	644,289	891,275	(26,798)	(1,212,090)	617,491	(320,815)
Interfund Transfer (Note 6)		---	1,100,000	---	(1,100,000)	---	---
Net financial assets, beginning of year		2,988,278	997,003	199,233	2,511,323	3,187,511	3,508,326
Net financial assets, end of year (Statement 1)		$ 3,632,567	$ 2,988,278	$ 172,435	$ 199,233	$ 3,805,002	$ 3,187,511

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Receipts from deductions	$ 3,066,774	$ 2,773,966
Payments to suppliers	(18,576)	(18,646)
Grant payments	(2,334,519)	(3,037,964)
Refunds paid	(114,763)	(92,416)
Interest received	139,796	184,808
Cash flows from operating activities	738,712	(190,252)
Net (decrease) increase in cash and cash equivalents	738,712	(190,252)
Due from General Revenue Fund, beginning of year	3,198,656	3,388,908
Due from General Revenue Fund, end of year	$ 3,937,368	$ 3,198,656

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 2000* (Act). The Act established two accounts, the Provincial Account and the National Account. The purpose of the National Account is to provide grants to promotion-research agencies established pursuant to the *Farm Products Agencies Act* (Canada) for the development, expansion, and promotion of the cattle industry. The purpose of the Provincial Account is to discharge expenses incurred in the administration of the Act and to fund programs, projects, and policies related to the development, improvement and promotion of the cattle industry.

The purpose of the Fund is to develop, improve and promote the cattle industry. The Fund has an Advisory Committee appointed by the Minister of Agriculture, Food and Rural Revitalization which approves the payment of grants to agencies who develop, improve and promote the cattle industry.

Pursuant to subsection 3 of *The Cattle Marketing Deductions Regulations, 1998*, dealers deduct and pay the Fund $2.00 per head from the proceeds for cattle sold. The National Account receives $1.00 a head without any deduction for the dealer's commission. The Provincial Account receives $1.00 a head less the dealer's commission of $0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

The Act also allows the Minister to provide grants for promotion and research to organizations that represent the national interests of the cattle industry. The Department of Agriculture and Food negotiated agreements with organizations that represent the national interests of the cattle industry to provide grants for promotion and research out of the National Account. (See Note 6)

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded as expenditures when approved and when the eligibility criteria, if any, have been met by the recipient.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and

commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund paid $466,560 (2001 - $160,000) in grants to the University of Saskatchewan.

The Livestock Services Revolving Fund provides administrative services to the Fund for an annual fee of $15,000 (2001 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $857,838 (2001 - $1,086,801) for payment in the following years.

2003	$617,838
2004	$240,000

Included in these amounts are $365,000 and $240,000 committed to the University of Saskatchewan for 2003 and 2004 respectively.

Also, the Fund is committed to pay all moneys collected for the National Account in 2003 to promotion and research agencies that represent the national interests of the cattle industry.

5. 2001/02 Budget

The Advisory Committee approved the 2001/02 budget for the Provincial Account on January 26, 2001.

6. Interfund Transfer

Prior to 2001, the Provincial Account contributed money totalling $1,100,000 to National research agencies and expensed this amount as grant expense in the Provincial Account. In 2001, the Fund recovered these grants from the National Account as these grants were made to organizations that represent the national interests of the cattle industry.

7. Financial Instruments

Accounts receivable, accrued interest receivable, grants payable, and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair values of these instruments approximate their carrying values.

8. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2001/02 was 3.41% (2000/01 - 5.59%).

Schedule 1

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
Year Ended March 31

	2002	2001
Personal Services		
Payees under $2,500	$ 1,080	$ 1,125
Travel		
Other	1,780	2,521
Grants		
Canadian Cattlemen's Association:		
National Beef Information Centre	929,255	1,249,725
Operating Expenses	183,009	260,963
University of Saskatchewan:		
Saskatchewan Stock Growers Association	4,000	---
Veterinary Infectious Disease Organization	180,000	75,000
Dairy Cattle Feeding Project	60,000	60,000
Western Beef Development Centre	226,560	25,000
Canada Beef Export Federation	489,627	1,024,862
Saskatchewan Beef Information Centre	48,500	48,500
Foundation for Animal Care	5,000	5,000
Saskatchewan Cattle Feeders' Association	29,400	2,500
Saskatchewan Stock Growers' Association	41,500	82,500
Semiarid Prairie Agricultural Research Centre	15,181	15,245
Beef Cattle Research Council	154,876	374,954
	2,366,908	3,224,249
Supplier Payments		
Payees under $20,000	15,000	15,000
Total	$ 2,384,768	$ 3,242,895